Salary *and* Tax

TAKE-HOME PAY STATEMENT

Tax year **2026**
Amounts **per year**

Prepared for an employee earning **$40,000** *a year in* **British Columbia**.

INCOME

Gross pay Your salary before any deductions — $40,000 a year, the number on your offer letter.	**$40,000**

PAYROLL PROGRAMS — taken before income tax

CPP — Canada Pension Plan 5.95% of earnings between $3,500 and $74,600. Its enhanced slice is deductible, which lowers your taxable income below.	− $2,172
EI — Employment Insurance 1.63% of earnings up to $68,900. Funds job-loss, parental and sickness benefits.	− $652

INCOME TAX

Taxable income Gross minus the deductible part of CPP. Income tax is worked out on this, not on your gross.	$39,635
Federal income tax 14% on all of your taxable income — it stays in the lowest band — less credits for the basic personal amount, CPP, EI and the Canada employment amount.	− $2,691
British Columbia tax after credits British Columbia brackets from 5.6%, less credits for the basic personal amount, CPP and EI.	$1,342
BC tax reduction credit Up to $690, phasing out at 3.56% of net income above $25,570.	− $189
British Columbia income tax The provincial total: the lines above, added up.	**− $1,152**

TOTAL

Total deductions Everything taken off the top: income tax, CPP and EI.	**− $6,667**

NET TAKE-HOME PAY

$33,333

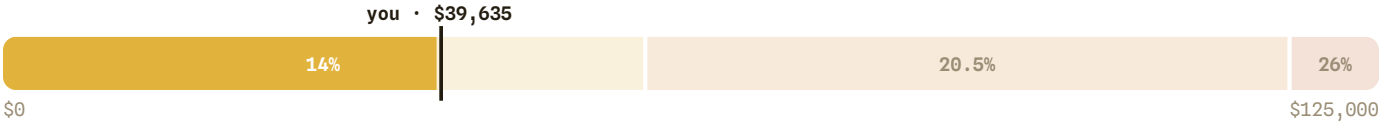
per year · 83.3% of your gross stays with you

KEEPS 83%

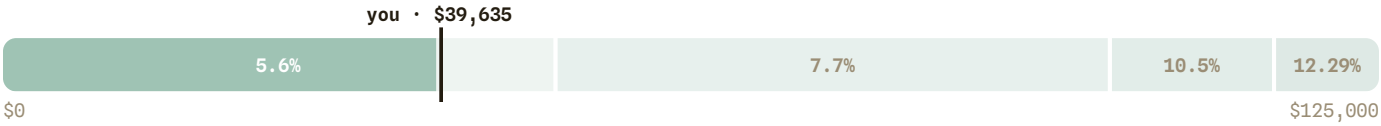
FIGURE 1

How your income tax was built

FEDERAL BRACKETS — **$2,691 federal tax per year**



BRITISH COLUMBIA BRACKETS — **$1,152 provincial tax per year**



Each band taxes only the income that falls inside it. The marker is where your taxable income reaches — everything to its left was taxed at the lower bands first, which is why your effective rate is well below your top bracket. Bars show tax before credits.

SCHEDULE A

What lands each payday

PAY FREQUENCY	GROSS	DEDUCTIONS	TAKE-HOME
Weekly	$769.23	$128.22	**$641.01**
Bi-weekly	$1,538.46	$256.44	**$1,282.02**
Semi-monthly	$1,666.67	$277.81	**$1,388.85**
Monthly	$3,333.33	$555.62	**$2,777.71**
Yearly	$40,000.00	$6,667.49	**$33,332.51**

EFFECTIVE TAX RATE

9.6%

The share of your whole income that goes to income tax — your true average.

TRUE MARGINAL RATE

29.2%

What your next $100 loses to tax, CPP and EI. On your next $1,000 raise you'd keep about $708 — a raise never lowers your take-home.

Employment income only, single filer resident in British Columbia on Dec 31, 2026. Basic credits only (no RRSP, dependant or tuition). Validated against TaxTips.ca and Wealthsimple, October 2026. An estimate, not tax advice.
Sources: CRA tax rates · CRA payroll deductions tables · Adjust these numbers: salaryandtax.ca/?income=40000&province=bc